

Daily Report

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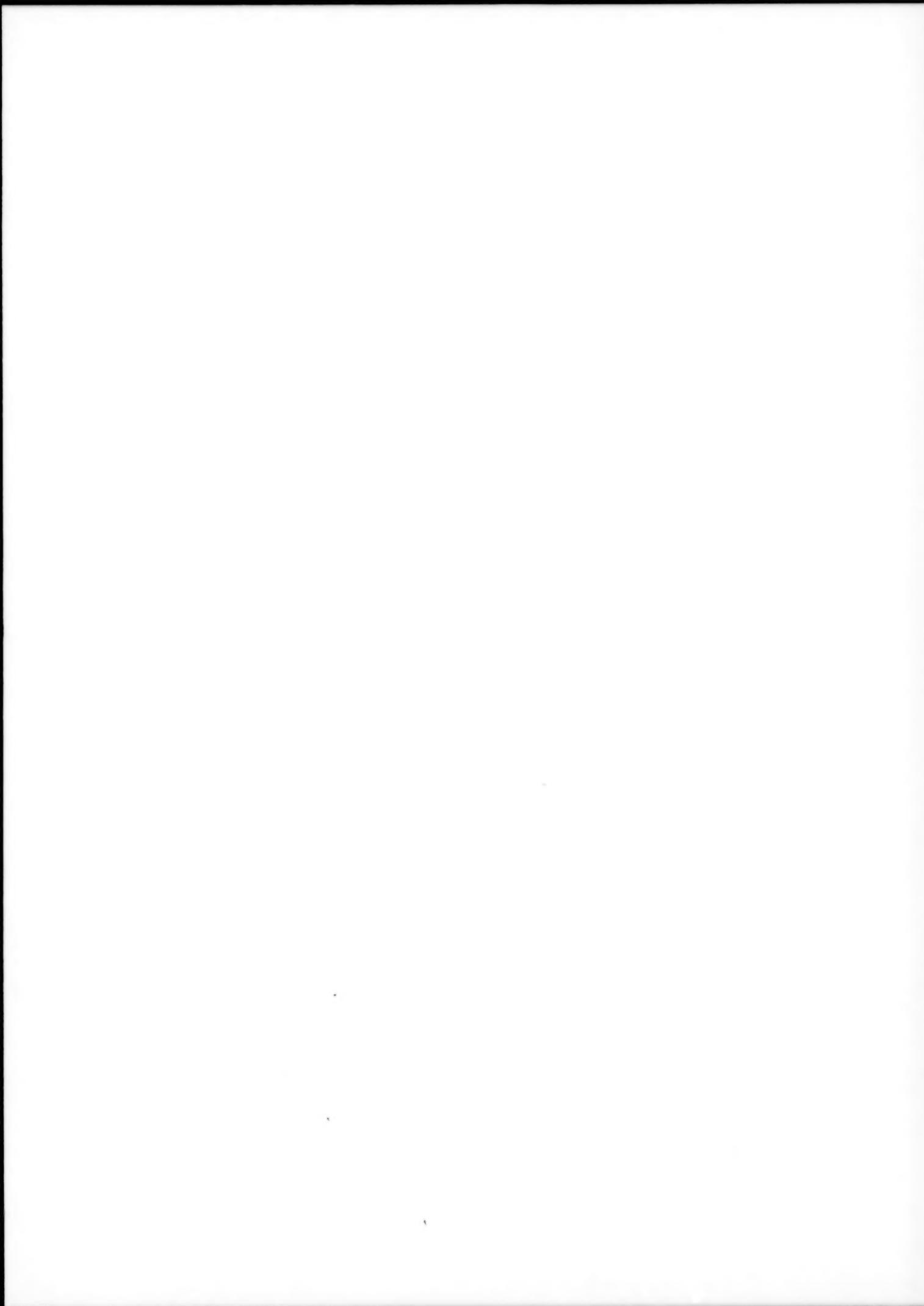
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United States & Canada

Kissinger Meets With Officials

Confers With Deng

OW031624 Beijing Domestic Service in Mandarin
0930 GMT 3 Sep 87

[Text] Deng Xiaoping, chairman of the Advisory Commission of the CPC Central Committee, met former U.S. Secretary of State Dr Kissinger and his wife at the Great Hall of the People this morning.

Deng Xiaoping said: We are old friends, sincere friends.

Kissinger said: Every time I see you, you look younger than before.

Deng Xiaoping asked: How many times have we met each other? No less than 10 times?

Kissinger said: More than 10 times.

Deng Xiaoping said: Former U.S. President Nixon, you, and Mr Lord were the people who opened the door to Sino-U.S. friendship after the founding of the People's Republic of China. The Chinese people will never forget (them and you).

Kissinger said: Such relations accord with the two countries' interests. I am particularly proud that all U.S. presidents since then, whether Republican or Democrat, have been working hard in this direction. We may say that Sino-U.S. relations are of a lasting nature.

Kissinger was one of the founders of the America-China Society and is now its chairman.

Deng Xiaoping said: The America-China Society is a very important organization. I believe that it will play a greater and greater role in promoting Sino-U.S. friendship.

Deng and Kissinger also exchanged views on international issues of common concern.

Chinese State Councillor and Foreign Minister Wu Xueqian and U.S. Ambassador to China Lord were present at the meeting.

Meets Yang Shangkun

OW040804 Beijing XINHUA in English 0755 GMT
4 Sep 87

[Text] Beijing, September 4 (XINHUA) — Yang Shangkun, vice-chairman of the Central Military Commission, hosted a luncheon for former U.S. Secretary of State Dr. Henry Kissinger here today.

Yang and Kissinger met last May in New York when Yang made a trip to the United States.

Yang thanked Kissinger and other American friends for their hospitality.

Kissinger left here this afternoon for a tour of Xian.

Zhang Aiping Meets Defense Group

OW031158 Beijing XINHUA in English 1153 GMT
3 Sep 87

[Text] Beijing, September 3 (XINHUA) — Chinese Minister of National Defense Zhang Aiping met here today a logistics delegation from the United States, led by Robert B. Costello, assistant secretary of defense production and logistics.

Northeast Asia

Wang Zhen Views Japan, Kokaryo

OW031323 Tokyo KYODO in English 1309 GMT
3 Sep 87

[Text] Beijing, Sept. 3 KYODO — The honorary president of the China-Japan Friendship Association, Wang Zhen, accused Japan Thursday of violating the 1972 Shanghai Communique which reestablished diplomatic ties between the two countries.

Wang was apparently referring to a Japanese court decision which awarded the ownership of a student dormitory in Kyoto to Taiwan.

Japan recognizes in the communique that Taiwan is part of China.

Wang spoke at a banquet held in honor of Susumu Nikaido, the former vice president of Japan's ruling Liberal Democratic Party, who arrived in Beijing earlier in the day for a four-day visit.

Wang said there has been a case of violation of the communique and China could not ignore it.

Southeast Asia & Pacific

Pham Hung Speech 'Empty Talk'

HK040955 Beijing RENMIN RIBAO in Chinese
4 Sep 87 p 6

[Article by Sai Bei (1049 0554): "Sweet Empty Talk"]

[Text] At the 1 September gathering marking the 42d anniversary of Vietnam's national day, Vietnamese leader Pham Hung talked at great length about the "mutual unity and help" between the peoples of China and Vietnam, as well as the "long-term interests of the two peoples," and said that Vietnam was making unwavering efforts to "achieve the normalization of relations with China and to restore the traditional friendship between the two nations." Viewed from these remarks, it is as if the Vietnamese authorities were quite nostalgic about the previous friendship between the two countries and urgently hoped for the normalization of Sino-Vietnamese friendship. However, people familiar with the course of the deteriorating Sino-Vietnamese relationship can hear the unspoken words behind these remarks: Responsibility for the failure to normalize Sino-Vietnamese relations lies completely with China.

Why can't China and Vietnam normalize their relations? The Vietnamese leader said nothing about this. As is known to all, Sino-Vietnamese relations have been intentionally damaged by the Vietnamese authorities following Vietnam's invasion of Cambodia with the support of the Soviet Union and its concoction of the "Indochinese Federation." At that time, the Vietnamese authorities even regarded it as their duty to sabotage Sino-Vietnamese relations in order to win other people's favor. For this reason, the Chinese side has repeatedly stated that the only stumbling block to the normalization of Sino-Vietnamese relations is the Cambodian issue and that, if only Vietnam stops its invasion of and immediately withdraws all its forces from Cambodia, Sino-Vietnamese relations can return to normal.

However, the man does not plan to stop invading Cambodia. He regarded this as a issue among the various factions in Cambodia, as if a "just and rational method of political solution" can be found if all sides implement the "national reconciliation policy" of the Phnom Penh authorities. This can really be called an excellent strategem of "slipping out of a predicament like a cicada sloughing its skin." If they succeed in this strategem, the Vietnamese authorities will be able to cast off the label of "aggressors," the puppets in Phnom Penh will be able to obtain a legitimate status, Vietnamese aggression against Cambodia will be recognized in the world as a fait accompli, and then the sweet dream of concocting an "Indochinese Federation" will become reality under the new signboard of "strategic alliance."

As far as the Vietnamese authorities are concerned, this is indeed a sweet dream. It is a pity that the Cambodian people and the people in the rest of the world do not lower their vigilance. People clearly see that, although the Vietnamese authorities have to change their tune as a result of changes in recent years on the Cambodian battlefield and in the situation at home and abroad, they have actually not changed their basic policies at all. His remarks, such as "seeking a political solution to the Cambodian issue," "turning Southeast Asia into a region of peace, stability, and cooperation," and "achieving the normalization of relations with China," are nothing but sweet empty talk aimed at lulling people to sleep.

International Pacific Seminar Ends

HK031158 Shanghai SHIJIE JINGJI DAOBAO
in Chinese 17 August 87 p 15

[Report by staff reporter Chen Lebo (7115 2867 3134): "International Seminar on 'Pacific Economic Development and China' Closes in Shanghai"]

[Text] The 5-day international seminar on "Pacific Economic Development and China" closed in Shanghai on 14 August. The seminar, held in China for the first time, has lifted a curtain, enabling people to see more clearly the picture of the coming epoch.

The world is not as it used to be. The economic development of the Pacific region, now ranking first in the world, is playing a great role in promoting world prosperity and stability. In this region, the economic strength

of the United States and Japan occupies a decisive position. The clashes between them intensify with each passing day. On the other hand, because the strength of the developing countries is growing rapidly, they are seeking more ways to strengthen their cooperation so that they can reduce their dependence on the Untied States and Japan. But the competition among them is rather acute. China's open policy has become a new factor in this region and has provided an immeasurably great opportunity for it. Based on this basic and common understanding, the participants discussed and analyzed the trade, industrial setup, finance, and policies of various countries in this region. The political barriers left over from the old times were also questions drawing much attention of many economists and the effort to strengthen the "Pacific Economic Cooperation Committee" and other international organizations was also a popular topic for conversation at the seminar.

The seminar itself was also of interest to scholars, as if it were a future form of organization for Pacific cooperation. The seminar was organized by a civil organization, the Shanghai Association of External Cultural Exchange, which has more than 30 staff members, and was mainly sponsored by the "China Reform and Opening Up Foundation" and other participants from home and abroad, including UN officials, well-known Pacific economy specialists, and large numbers of young and middle-aged Chinese representatives. At the seminar, the participants exchanged their views on the basis of equality. Some said that the Pacific really needs such dialogue and cooperation.

Scholars and specialists seem to be most capable of discovering differences. At the seminar, there were heated arguments and sharp differences. What are the prospects of economic cooperation in the Pacific region? During a water tour organized by the seminar, some Chinese and foreign participants said that the future will be just like the surging Huangpu Jiang, flowing forward wave upon wave.

West Europe

Chen Pixian Meets FRG Visitor

OW031228 Beijing XINHUA in English 1204 GMT
3 Sep 87

[Text] Beijing, September 3 (XINHUA) — Chen Pixian, vice-chairman of the National People's Congress Standing Committee, met here this afternoon Dr. Karl Kaiser, director of the Research Institute of the Society on Foreign Policy of the Federal Republic of Germany.

Kaiser is here on a visit at the invitation of the China Institute of Contemporary International Relations.

Zheng Toubin Ends Scandinavian Tour

OW021239 Beijing XINHUA in English 1224 GMT
2 Sep 87

[Text] Stockholm, September 2 (XINHUA) — China's minister of foreign economic relations and trade ended his three-day visit to Iceland today, said a report from Reykjavik.

China's Minister Zheng Tuobin exchanged views on economic and trade relations between the two countries with Steingrimur Hermannsson, Iceland's minister for foreign affairs and foreign trade.

Zheng, leading a Chinese trade delegation, arrived in Iceland on August 30 after visiting Finland and Sweden.

The delegation left Reykjavik this morning for Algeria.

East Europe

East Europe Trade To Increase

HK040224 Hong Kong ZHONGGUO TONGXUN SHE
in Chinese 1251 GMT 2 Sep 87

[Text] Beijing, 2 Sep (ZHONGGUO TONGXUN SHE) — Qian Qichen, vice minister of the Chinese Ministry of Foreign Affairs, pointed out today that as China's economic and trade exchanges with East European countries as a proportion of its total economic and trade relations with all countries is too small; China will make an appropriate increase in these exchanges. The increase will be made actively and in a down-to-earth manner.

In a written report on Zhao Ziyang's visits to five East European countries and Pakistan delivered at a plenary session of the 22d meeting of the 6th NPC Standing Committee today, Qian Qichen explained the above view.

The report said that Zhao Ziyang's visits to Eastern Europe and Pakistan from 4 to 21 June were complete successes.

The report pointed out that developing economic and trade relations is an important component of friendly cooperation between countries. Leaders of the five East

European countries expressed an extraordinary interest in developing economic and trade relations with China.

The report remarked that apart from maintaining traditional trade relations, it is necessary to explore various channels and methods of cooperation on the basis of mutual benefit according to the principle of each supplying what the other needs. This includes engaging in cooperative production, running joint ventures, and carrying out direct economic and trade cooperation between Chinese provinces and cities and these countries.

As reported during his visits, China signed 10 documents on bilateral cooperation with the 5 East European countries, including agreements on the basic orientation of long-term economic and technological cooperation.

Deng Liqun Meets GDR Visitors

OW031224 Beijing XINHUA in English 1203 GMT
3 Sep 87

[Text] Beijing, September 3 (XINHUA) — Deng Liqun, member of the Secretariat of the Chinese Communist Party Central Committee, met here today a delegation from the Association for People's Friendship of the German Democratic Republic, led by Egon Winkelmann, member of the Central Committee of the Socialist Unity Party of Germany and first deputy president of the association.

Present was Zhang Wenjin, president of the Chinese People's Association for Friendship With Foreign Countries.

NPC Proposes Improvement in Auditing
OW031252 Beijing XINHUA in English 1231 GMT
3 Sep 87

[Text] Beijing, September 3 (XINHUA) — China should strengthen the country's auditing system by speeding up legislation and mobilizing the whole society to supervise economic activities, Standing Committee members of the National People's Congress (NPC) agreed today.

The country's auditing procedures have achieved a lot since last year, NPC Standing Committee members to the on-going 22nd Meeting of the Standing Committee said during a discussion on yesterday's report on auditing by Lu Peijian, auditor-general of the Auditing Administration.

As one of the country's major ways to inspect and monitor financial and economic disciplines, much still needs to be done in China's auditing departments, said Xiong Fu, and it should be carried out and supervised by both the government and the society.

Most of the problems uncovered by auditing, such as losses incurred in enterprises, corruption and waste, are problems left over by history, said Hu Jiwei, and more effective measures should be adopted to resolve these problems.

Waste is also a serious crime, he said, so laws to combat these activities should be enacted, and punishments meted out to those responsible.

Problems found through auditing and their resolution should be made public, Hu said, while some members complain cases involving waste and corruption are handled too leniently.

Xu Dixin, who is also a noted economist, pointed out some guilty of concealing revenue and creating deficits who are still at large and have not been punished.

Zhou Gucheng, vice-chairman of the NPC Standing Committee, suggested individual economic activities should also be audited.

China's auditing structure should also include supervision of the economic activities of government officials in charge of economic and foreign affairs, Hu Jiwei added.

Intellectuals Say Policies Not Implemented
HK031421 Hong Kong MING PAO in Chinese
1 Sep 87 p 13

[“Special Dispatch From Beijing” by Lin Mu: “Many Scientists and Technicians Complain That the Relevant Policies Are Not Implemented”]

[Text] Many Chinese scientists and technicians have complained that the policies toward intellectuals are not well implemented, calling on the authorities concerned and the media to perform more actual deeds and mouth fewer high-sounding words.

RENCAI XINXI BAO recently pointed out: Most of the relevant regulations and measures regarding the policies toward intellectuals are still fighting on paper and are not well implemented, thus coldly dampening the enthusiasm of scientists and technicians.

Scientists and technicians have said that the rules regarding 6 months of in-service training for every 3 years and half a month of annual leave are not all observed.

Many scientists and technicians have noted that the treatment accorded to intellectuals “is full of sound but scant of deeds” and “loud thunder but small raindrops.” The press and radio broadcasts “give little publicity to the meritorious deeds of scientists and technicians but much publicity to the slight treatment given them.” An elderly professor at Nanfang University put it vividly when he said: “Now, the peasants are standing on a gold brick and the workers on a silver brick. And the intellectuals are wearing a tall hat; they seem taller than others, but they have no substantial benefits.”

Not a few scientists and technicians have said that the current management structure imposes too many restrictions on scientists and technicians and erects sufficient barriers between departments, and units themselves, and it is therefore absolutely irrational, thus greatly chilling their enthusiasm. They have also said that large enterprises, universities, and research offices are now keeping large numbers of talented people in stock. As a result, many capable scientists and technicians can hardly do what they can do and they are not allowed to be transferred to other units and even are not encouraged to contract medium-sized and small enterprises and town-run enterprises. In some scientific research institutes, workers on the second and third lines are still eating from the same big pot of scientific research workers on the front line, and those who have accomplished nothing are eating from the same big pot of those who have made contributions.

The work of appraising titles of professional posts has been suspended for almost 5 years. Universities and colleges and scientific research institutes last year started introducing a system of recruiting scientists and technicians according to titles of professional posts; this has meant a little change at least. However, tens of thousands of scientists and technicians working in factories and enterprises are still waiting for the introduction of the system. Many college graduates of the early 1960's are now over 30, but they are still holders of the title of assistant engineer. Meanwhile, a number of college graduates of 1977 are still dubbed with the title of technician.

Large numbers of scientists and technicians filed their complaints to the press and questioned publicly: Why is it that the work of appraising titles of professional posts has been suspended for several years? On the contrary, the work of promoting those in administrative posts has never been stopped. Moreover, those in administrative posts can receive pay according to a new wage scale shortly after they are promoted, but those in professional

posts are not treated in the same way even though they are promoted with titles of professional posts. This demonstrates that the current policies attach importance to section chiefs and department heads but look down on engineers.

Scientists and technicians are also discontented with their leaders for paying no attention to the work of updating their knowledge. They often say that there is too much work to do and there is no money, as an excuse for not encouraging scientists and technicians to study abroad. Therefore, the rules laid down by the higher authorities for in-service training of scientists and technicians can hardly be abided by.

Yu Qiuli, Wang Zhen Mourn Comrade
*OW040037 Beijing XINHUA Domestic Service
 in Chinese 0620 GMT 3 Sep 87*

[Excerpt] Comrade Tan Jiashu, former deputy commander of the Air Force, died of illness in Beijing on 11 August 1987 at the age of 77.

At his relatives' request, unnecessary formalities will be omitted from Tan's funeral and his ashes will be scattered over the vast land of the motherland.

Yu Qiuli, Wang Zhen, Xiao Ke and the leading comrades of the three PLA general departments and the Air Force visited the mourning hall today to show their deep grief over Tan's death and express their cordial sympathy with his relatives. [passage omitted]

Article Advocates Army's Political Work
*HK031111 Beijing JIEFANGJUN BAO in Chinese
 21 Aug 87 p 3*

[Article by Song Qingwei (1345 3237 3262): "The Minds of the Troops Should Concentrate on Modernization" — passages in boldface as published]

[Text] Building a strong revolutionary army on the basis of modernization and regulation is the general goal and general task of our Army in the new period. The political work should keep up with the practice of our Army building, and the ideological education for the troops should be conducted in light of the characteristics of various stages to play a role in "serving" and "guaranteeing" fulfillment of the general task.

At present, the modernization process of our Army is in a new beginning stage. It is also a transition stage in which we will carry forward the cause we began in the past and open the road leading to the future. Today, when we are making all-round preparations and laying a foundation, the most important things in people's minds are courage and confidence, consciousness and creativity, that we should arouse and inspire, and we are also required to maintain unity and work hard. The primary task in our political work at this stage is to unify the thinking of the whole Army with the strategic idea that "everything serves the cause of modernization" and to rally the hearts of all

commanders and soldiers around the banner of modernization so that they will work enthusiastically with one heart and one mind for modernization.

In peacetime, the values of soldiers may more easily become confused. The political work should play a role in fundamentally strengthening the rallying force of the Army and in helping all soldiers establish the idea of "rendering meritorious service in the Army."

In a long period of peace without major wars, the Army does not play its role as obviously as in years of war, and the value of soldiers cannot be as easily understood by ordinary people. Now, as the nation concentrates on economic construction, the policies for reform, opening up, and economic invigoration which allow some people to become rich ahead of others have become more and more attractive among the troops. Under such circumstances, a new subject in political work is how to ensure that all soldiers really love their jobs in the Army and are willing to make contributions to the Army.

It is necessary to give play to the binding and compulsory role of the systems, regulations, and discipline; gradually improve the material treatment of the soldiers; help them solve various difficulties; and create good conditions for cultivating their abilities and finding jobs after they leave the Army. We must not neglect all this in order to strengthen the rallying force of the Army, but we should pay more attention to the role of the "ideal magnet." The ideals, consciousness, and dedication are the powerful mental force of the modernization of our Army.

The Army should constantly conduct education in military ideals. It is necessary to guide all cadres and soldiers to realize the position of military activities, military science, and military talents in the position of the development of human history, to realize the historical role in the process of building socialism and striving for communism, to establish a new concept of national defense, to understand the value of the Army's existence in peacetime, and to understand that it is very dangerous if a country is merely wealthy but lacks powerful defenses.

Soldiers are glorious, and their active service in the Army is sacred, because they shoulder the important duty of defending the nation's peace and the people's security, and they should be selfless and dedicated. Military service is more arduous and dangerous than other jobs and requires greater self-sacrifice. If cadres and soldiers have this sense of responsibility and glory, they will be glad to dedicate all their wisdom and energy to the grand cause of the Army's modernization and to devote their youth to the Army's current and future development.

After the Army made the strategic change, the soldiers may slacken their vigilance. The political work should help cadres and soldiers feel the urgency of modernizing the Army by racing against time.

The enlarged meeting of the Central Military Commission in 1985 decided to change the Army's guiding principle from "fighting a large-scale or even nuclear war

at an early date" to conducting construction in peace-time. This was a correct strategic decision. However, some comrades did not correctly understand this and thought that in the peaceful era, instances, the modernization of the Army was not so important and it did not matter if the modernization process were a bit slower. This idea was not in line with the requirements of our Army's development.

We should have a sense of urgency in promoting the Army's modernization. The political work should help cadres and soldiers deepen their understanding of the strategic change, which in essence is a change from a low-lever passive defensive strategy to an advanced stage of active modernization efforts. Modernization is the general tendency of the contemporary world, and no army can gain a foothold in the world's military arena if it does not raise its modernization level. Therefore, armies in many countries are intensely competing with each other in modernizing themselves, fearing that they may lag behind others. A peaceful period of 10 to 20 years will be a rare opportunity for all nations. Those who can grasp this opportunity will gain an upper hand in future war. Moreover, peace in a period of 10 to 20 years is transient, and our tasks are arduous and we must complete a great many things. Peace under the nuclear shade is never solid and permanent, and we must not feel completely relaxed and slacken our vigilance; otherwise, we will lag far behind and the situation will become very unfavorable to us. At present, without a modernized army, national defense will just be weak and powerless, and the nation will be very vulnerable to enemy attacks. We are looking at the end of this century and early next century, but this does not mean that we can lighten our present duties. The later war occurs, the higher the requirements of the Army's modernization construction will become. "If the predecessor slackens his efforts, he will leave hidden perils to the successor." In Chinese history, the corrupt and incompetent royal court of the Qing Dynasty caused untold disasters to the Chinese people. Today, if our Army advances farther along the course of modernization by racing against time, the coming generations will hold greater advantages in future war. We must make all soldiers clearly understand this point through the political work.

The Army is now modernizing itself under the conditions that our country is still not wealthy enough, so the political work should help the soldiers establish the idea that "we can make achievements even under the current limited conditions."

Some comrades often said regrettably that "we desire to accomplish more things, but we lack sufficient money to do that." It seemed to them that only by increasing military expenditures by a big margin and by more rapidly renewing the weaponry and equipment could the Army quicken its pace of modernization. This is also a problem in people's minds that the political work should solve.

At present, our country is still not rich enough. The economy is the foundation for the overall strength of a

nation, so it is now necessary to concentrate on economic construction so that things in other fields can also develop more rapidly. Therefore, it is not possible for the time being to increase military expenditures by a big margin. In this sense, we should be patient, but this does not mean that we can wait in a passive way. Even though we do not have enough money, we still can make significant achievements in the modernization of the Army. Modernization does not merely mean the renewal of weaponry and equipment; instead, it also includes the modernization of military concepts, the Army's structure, and military theories. Some of these things can be modernized without spending too much money. In addition, spending more money is certainly not equal to achieving a higher level of modernization. Some rich oil-producing nations spent large amounts of money on modernizing their weapons and equipment, but they did not improve their human quality and used the new weapons according to the old tactics, so they still could not win victory in war. Therefore, money can only be used to buy material things and cannot be used to buy talents of war, combined forces that are well trained, or advanced strategies and tactics; still less can it be used to buy a high degree of political consciousness and spirit of dedication. Our political work should help cadres and soldiers broaden their vision and realize the possibility of making achievements under the current limited conditions and should encourage them to diligently study modern scientific and cultural knowledge and modern military theory, master advanced command and fighting skills, and raise the modernization level of the troop quality as quickly as possible.

It is true that the renewal of weaponry and equipment needs money, but if there is a good plan, high efficiency and better results will be achieved in the use of the limited military expenses for the purpose of improving our Army's equipment. We should have confidence in this. On the other hand, we should pay more attention to the training of military personnel. Personnel with a high quality of modernization is a main sign of a modernized army and is also a premise for the Army's modernization in other aspects. "If no change is made in the human factor, all changes will be useless." The political work should create a good atmosphere of respecting knowledge and talented people and should create favorable circumstances and conditions for the training of more talented people of higher quality more quickly. Thus, our Army will become the fertile soil for the growth of military talents and will provide broad prospects for our cadres and soldiers to display their abilities and prowess.

The modernization of our Army is a grand project, which must rely on the wisdom and strength of all soldiers. The political work should arouse their sense of responsibility as masters.

Our Army began its modernization process after more than 20 years of twists and turns. Our military expenditure is now merely a few percent of that of the United States or Soviet Union, and is also lower than that of India and Japan. This actual condition determines that

there are certainly many contradictions and difficulties in the Army's modernization in our generation. In order to make rapid development and to catch up with the world's advanced level, we must rely on the iron will and unity of the whole Army and on our hard work in making explorations, experiments, innovations, and transformations to open a Chinese-style road marked by high speed and efficiency. So long as all soldiers join efforts to build the Army, our cause will certainly have a bright future. The political work should effectively help all soldiers establish the idea that "modernization relies on the efforts of the whole Army" to strengthen their sense of responsibility as masters and to fully arouse and give full play to all soldiers' initiative and creativity.

Soldiers growing up under the new historical conditions should have the world in view and give thought to the modernization of the whole Army. Soldiers should also learn military theory, and "nobodies" should consider big affairs. Leaders at various levels should be good at pooling the intelligence and advice of the masses. The masses are real heroes, and leaders who can pool the wisdom of the masses are also real heroes. We should not rely merely on the ideas of a small number of people, but should really set in motion the 3 million "thinking machines" of the whole Army by every possible means. If all soldiers can contribute their resourcefulness to the Army's modernization, what a gratifying scene that will be!

The modernization of the Army must not be conducted in an unrealistic way that is divorced from the realities of our nation and our Army. As we start the modernization process from a rather low level, our political work should help the soldiers establish the idea of "laying a solid foundation by down-to-earth work."

Whenever we mention modernization, some comrades immediately think about lasers, space vehicles, robots, and "star wars," but they are rather disappointed with our own level of modernization. In fact, the modernization of any army can only be conducted on the base of certain objective conditions. Today, we are striving for the Army's modernization on the land of China, and of course, we must not divorce our thoughts from the realities of our nation and our Army. We should squarely face the fact that our modernization remains at a rather low level compared with the armies of the developed countries, and we should consider things and plan our work in light of this basic fact. It is inadvisable to run after something that is beyond our grasp or to underestimate our own capabilities.

Through vivid political work, we should make it clear to all people that in general, our present level of modernization remains low, and this is reflected in the facts that most cadres and soldiers have not received high education in school, the weaponry and equipment of our Army is not modern enough, and the military training at the present stage also remains at a low level. When facing this state of affairs, we should not be too anxious to make great changes; instead, we should make down-to-earth efforts

and work in a realistic manner to overcome our shortcomings and lay a solid foundation and create necessary conditions for rapid development in the future.

According to the arrangements of the Central Military Commission, from now to the end of this century, the main task of the Army is to adjust and rationalize various relations and lay a foundation for all-round modernization in the next century. If the foundation is not laid solidly, the construction speed and quality of the whole building will be affected. Of course, the building of our Army should be oriented to future development, but we should set our feet on the current realities. Doing our present work well is to make contributions to future victories. Some of our present work does not directly contribute to future development and merely meets the urgent needs of the time being or makes up for the loopholes and defects in the past, but all this work is necessary and is beneficial to current and future development. The political work should admonish the soldiers against the practice of seeking false fame and indulging in cosmetic and window-dressing shows; they should be required to work in a down-to-earth way, and really lay a good foundation for the grand project of modernization.

The political work plays a major role and shoulders arduous tasks in the Army's modernization. In the final analysis, the quality of the performance of the political work's "service" and "guarantee" role in the modernization of the Army depends on the quality of the political workers. If man's modernization is a precondition for modernization in material aspects, then the modernization of the political workers should be realized ahead of the modernization of other personnel; otherwise, they will not be able to really play their role properly. In reality, things are all interrelated with each other, mutually influence each other, and act and react on each other. In the course of transforming the objective world, people will certainly transform their own subjective world; similarly, in the course of promoting the modernization process, the political workers will also certainly promote their own modernization. Therefore, the modernization of the political workers is not only an objective requirement in the performance of the political work's "service" and "guarantee" role, but is also an inevitable result of the performance of this role.

Commentator Views Issues of Rural Reform
HK031120 Beijing NONGMIN RIBAO in Chinese
24 Aug 87 p 1

[Commentator's article: "Some Issues That Need To Be 'Correctly Viewed' in Deepening Rural Reform"]

[Text] China's rural reform, which has been acclaimed at home and abroad for its great achievements, is now entering a new period characterized by the development of the planned commodity economy. This new period will merge with rural reform and bring about a fundamental change in the economic structure and operation. This involves more arduous and complicated work than in the past and requires us to further emancipate the mind and carry out bolder explorations.

Contradictions exist universally and give rise to differences of understanding. Although people are reaching unanimity of understanding on the rural reform over the past few years, new situations in the development of the commodity economy have brought quite a number of different comments on rural reform. It is now time to dispel misgivings, reach unanimity of understanding, and have firmer confidence in carrying out rural reform more profoundly.

On what issues should we reach unanimity of understanding? In view of the actual situation, we are of the opinion that we should have "correct views" on the following problems:

First, we should correctly view the phenomenon in which the rural economy has shifted from supernormal to normal development. A gratifying situation emerged in the rural economy during the Sixth 5-Year Plan. Good grain harvests continued for 4 consecutive years; the output of industrial crops like cotton, hemp, oil, and sugar increased by 100 percent; and the gross agricultural output value (including the output value of village industries) registered an annual increase of 11.5 percent on the average, far outstripping the 3.5 percent annual increase during the previous 28 years. But the growth rate has tended downward recently. Grain output, in particular, has not increased rapidly since its decrease in 1985. Can we negate rural reform because of this? No. One reason is that the supernormal development in the previous years was the result of the general release of potential which had been accumulated for a long period of time. It is impossible to maintain such supernormal development for a long time, still less should we set demands on rural reform according to this supernormal development. The other reason is that only rural reform can help solve some of the problems that affect the development of agriculture, and of grain production in particular. These problems include inadequate investments, ineffective social services, imperfections in the "double track system" on grain procurement, defects in the price system, and the great differences of income between different trades and undertakings in the rural areas. All this can be solved only through rural reform, and retrogression will lead nowhere.

Second, we should correctly view the relationship between economic efficiency and social fairness. Following the emergence of the commodity economy in recent years, individual rural economies and private enterprises have developed to a certain extent. During the same period, various distribution forms, with distribution according to work as the main component, have also appeared. As a result, some peasants have become better off and their income has greatly increased in the course of the general improvement of all the peasants' standard of living. Some comrades view the problem of fairness apart from efficiency and mistake fairness as absolute egalitarianism. Hence their misgivings on the differences of income. Social fairness is, of course, our target for endeavor. But these comrades do not understand that

during the initial stage of socialism, individual economies and a small number of private enterprises, which serve as supplements to the socialist economic structure, are playing a beneficial role in carrying out the integration of funds, technology, and labor, in forming a social productive force, in providing employment opportunities, and in promoting the growth of talented people. We should lay equal stress on both fairness and efficiency. We should not seek fairness at the expense of efficiency to the neglect of the development of the productive forces. We cannot negate the role of individual economies and private enterprises. Historical lessons should not be forgotten: Seeking fairness at the expense of efficiency will never lead to genuine fairness but to egalitarianism and common poverty. Our distribution policy allows some people who are good at management and operations to become well-off ahead of others through hard work, with the aim of enabling all people to become rich. Only in this way can we reach social fairness and improve efficiency.

Third, we should correctly view the changes in supply and demand as well as the rise and fall of prices. With the relaxation of control over the prices of agricultural and sideline products, we have often heard some people say that some products are in short supply one moment but exceed demand the next. Even cases like the "pig war," the "lamb's wool war," and the rush for the purchase of tobacco have occurred. All this indicates that in the course of invigorating the market, the changes in supply and demand as well as the rise and fall of prices have become very prominent. Some comrades say that this is a confused situation and wish to go back to a period of rigid control. It should be pointed out that the imbalance between supply and demand as well as the rise and fall of prices are detrimental to production and that we should try to control them and correctly bring into play the role of market mechanism. These problems should be solved in the course of deepening rural reform. But we should also understand that these problems are inevitable in a country like ours where the market economy is very undeveloped. It takes time to solve them. Where there is a market and a commodity economy, there are sure to be certain fluctuations, or in other words, fluctuations cannot be completely eliminated. Therefore, one cannot doubt the correctness of rural reform because of market fluctuations.

These are not the only issues that need to be "correctly viewed." The purpose of citing these is to enable everyone to take a scientific attitude toward rural reform. Everyone should provide enthusiastic support when new things emerge in rural reform; everyone should find a solution when contradictions arise in rural reform; and everyone should make a distinction between the major and minor aspects when mistakes occur in rural reform. On the one hand, we should have full confidence in rural reform; and on the other, we should fully estimate the arduousness and complexity of rural reform and make up our minds to score every goal through hard struggle.

Theorists Discuss Economic Reform, Part 1
HK021514 Beijing *RENMIN RIBAO* in Chinese
2 Sep 87 p 2

[“Dialogue on Economic Life” column: “How To Approach the Initial Stage of Socialism and Opening to the Outside World — Written Replies Given by Theorists and Experts to Questions Raised by Cadres and Others” — first of four-part series]

[Text] Editor's note: The China Research Institute for Economic Structural Reform and the *RENMIN RIBAO* education, science, and culture division have jointly edited a book entitled “Two Hundred Questions on China's Economic Reform.” The book is going to be published very soon by the *RENMIN RIBAO* Publishing House. Raised by the vast number of cadres and the masses, these questions were answered in writing by more than 50 theoreticians engaged in the study of economic structural reform and specialists serving as consultants to policymakers of the reform. Here we have selected some questions that are of common concern and published them under the title of “Dialogue on Economic Life.”

From today on, this series will be published in four parts under the following titles: “How To Approach the Initial Stage of Socialism and Opening to the Outside World”; “Reflections on the Achievements Made in Reform in the Past 8 Years”; and “How To View Some Specific Problems Arising From Reform” (I) and (II). [end editor's note]

Question: Recently, we have often heard people talking about the “initial stage of socialism.” Is this a new term?

Answer: Since the 3d Plenary Session of the 11th CPC Central Committee, our party has more and more clearly realized that our country is undergoing an initial stage of socialism.

The concept of initial stage was first raised in the “Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC” adopted by the 6th Plenary Session of the 11th CPC Central Committee in June 1981. It was mentioned again in the political report delivered at the 12th CPC Congress held in March 1982. And it was taken up for the third time in the “Resolution of the CPC Central Committee on the Guiding Principles for Building Socialist Spiritual Civilization” adopted by the 6th Plenary Session of the 12th CPC Central Committee held in September 1986. This concept helps to expound in a scientific way the development stage that the Chinese society is currently undergoing. It gives the basic reason why we must uphold the four cardinal principles and the general principle of reform, opening up, and economic invigoration, and it is also the first question we must deal with in building socialism with Chinese characteristics.

The judgment that China is undergoing the initial stage of socialism has the following basic meanings: First, ours is a socialist society; therefore, we must hold to the

socialist road; and second, as China is in the initial stage of socialism, we must take this fact into consideration in our work and must not go beyond the limits of this stage. (by He Jiacheng [0149 1367 2052])

Question: Is this judgment that our country is in the initial stage of socialism of any guiding significance?

Answer: In my opinion, it is of guiding significance in the following aspects:

1. It is necessary to integrate upholding the four cardinal principles with reform, opening up, and economic invigoration. Without the four cardinal principles, we will get lost in the process of reform, opening up, and economic invigoration. Failing to carry out reform, opening up, and economic invigoration, our effort to uphold the four cardinal principles will lose its substantial content at the current stage. All this is determined by the social and historical conditions of the initial stage of socialism in China.

2. It is necessary to view the differences between socialism and capitalism from their very substance and in a scientific way. We must bear in mind their intrinsic natures and must never arbitrarily attach any labels on them. We must not put the label of “capitalism” on things that are obviously favorable to the development of productive forces, nor must we put the label of “socialism” on things that obviously hinder the development of productive forces. While firmly holding to public ownership and the principle of distribution according to work as the key links, we can and must make use of all means and methods that are in keeping with and favorable to the development of productive forces at the present stage to serve our country's socialist construction.

3. We must free ourselves from rigid understanding of Marxism, from our ossified mode of socialist practice, and from all the historical trammels that have been imposed on us. On the one hand, we must restore the structure that was distorted in the past since we went beyond the limits of our times, being overanxious for achievements and preservation of the purity of the ownership system, and we must correct the distortion of the structure due to our wrong understanding of Marxism or our practice of indiscriminately copying some views of our predecessors that were utopian. On the other hand, we must mend defects of the structure arising from our failure to fully develop the commodity economy, and we must build up and foster new organizations, mechanisms, and standards that are necessary for the development of productive forces. (by He Jiacheng [0149 1367 2052])

Question: Some newspapers and journals have recently pointed out that we have deliberately added many things to socialism. This is an original view. Can you discuss this view in detail?

Answer: This is indeed a very important view. For a long time, we have always considered socialism in light of a “leftist” view, from the viewpoint of small producers, and

with a dogmatic attitude. We have added to socialism many so-called "attributes" or "special characteristics" that in fact have nothing to do with the nature of the society. This practice affected not only major issues such as the social system but also minor ones such as people's everyday dress. At that time, it was commonly agreed that only pure public ownership can be called socialism, while those tolerating the existence of other economic sectors cannot be called socialism; that only mandatory plans that cover everything can be regarded as socialism, while those allowing the market mechanism to play a role can never be classified as socialism; that only allocation of materials and funds according to the administrative structure is in keeping with socialism, while the development of a market of production elements is not a socialist practice; that only the practice of "eating from the same big pot" and equalitarianism are socialism, while tolerating a moderate gap in income violates socialism; and that under the socialist system the peasants should only engage in grain growing, and they will deviate from socialism if they shift their attention to the diversified economy. What is more, some people even insisted that, in compliance with socialism, one should dress simply and in plain colors — dressing beautifully meant violation of socialism at that time. Examples like these are too numerous to mention one by one.

All these prejudices, as heavy spiritual trammels imposed on people, have prevented them from giving full play to their initiative and creativity and served as an enormous hindrance to the self-development of socialism. In fact, an economy will remain socialist so long as public ownership dominates the economy and the system of distribution according to work plays a leading role. So long as we stick to these two things, all measures that are favorable to the development of productive forces in our country at the present stage can be accepted. Only in this way will the socialist economy prosper and the socialist system be consolidated. (by Zheng Hongqing [6774 3163 1987])

Question: What characteristics does the economy have in the initial stage of socialism?

Answer: In the initial stage of socialism, the general level of productive forces is relatively low and development is uneven. This decides that economic construction work in this stage has many characteristics.

1. The structure of the ownership of the means of production must be suited to the practical situation in the initial stage of socialism. Only thus is it possible to promote the development of productive forces. Therefore, it is necessary to adopt the policy of developing various ownership forms with public ownership as the main one. Within the scope allowed by the state Constitution and law, individual economy, private-run economy, Chinese-foreign joint ventures, and business solely operated by foreign businessmen are all useful and necessary supplements to socialist economy.

2. In distribution of consumer goods to individuals, except for the main form of distribution according to work within the scope of public ownership, distribution

according to capital and distribution according to business results inevitably exist in other economic elements. In other words, in the initial stage of socialism, distribution according to work is the main form supplemented by other distribution forms.

3. In the operation and regulation of social economy, more means of commodity economy and instruments of value have been used and the role of market mechanism has been stressed. However, it is still impossible to let the center of society conscientiously formulate plans and to regulate everything according to plan as conceived by Marx. (by Li Jun [2621 1498])

Question: China has practiced socialism for more than 30 years; why is it still in the initial stage of socialism?

Answer: China's socialist society emerged not from a typical capitalist society as conceived by Marx or a basically industrialized capitalist society as in the Soviet Union or Eastern Europe, but from a semifeudal and semicolonial society. What exerted direct influence on later economic construction and the formation of a system were an agricultural society with a low degree of industrialization and a semi-natural economy society with a low degree of commercialization, monetization, and socialization of production.

The establishment of New China, and particularly the development and achievements made in reform over the past 8 years, have changed China's appearance, China's role in the world, and the orientation of historical development in China. This fact convincingly proves that it is absolutely correct for China to take the socialist road by skipping the stage of full development of capitalism. However, socialism must be built on the basis of highly developed productive forces and on the basis of a high degree of commercialization, monetization, and socialization of production, and this cannot be skipped. Capitalist countries usually took several hundred years to build such a foundation, but China has built socialism for fewer than 40 years. Although a socialist system enables us to take less time to build such a foundation, we still need at least 100 years. Therefore, after entering socialism, China must go through a considerably long initial stage of socialism. (by He Jiacheng [0149 1367 2052])

Question: When we say China is now in the initial stage of socialism, does it mean that China has regressed to the "transition period"? What is the difference between the initial stage and the "transition period"?

The so-called transition period means the historical period in which the economic foundation of public ownership has not been established and the problem of who will win has not yet been resolved. The problem in the period is to "create" the economic relationship and superstructure that are totally different to previous ones. The so-called initial stage of socialism is a new historical period in which the above problems have all been resolved. The task in this period is, through "developing" the "created" yet imperfect economic relationship and superstructure, to vigorously develop productive forces to resolve the contradiction between people's increasing material and cultural

demands and backward social productive forces. In the initial stage, class struggle still exists within a certain scope, but it is different than that in the transition period and is no longer the main contradiction of the society. (by He Jiacheng [0149 1367 2052])

Question: Why should China open up to the outside world? Are the current opening up and the "open door" policy in old China the same thing?

Answer: As seen from domestic needs and the international environment, it is an inevitable trend that China should open up to the outside world. As feudal society lasted several thousand years in China, China closed its doors and developed slowly. Due to its weak national strength, China was divided up by powers and reduced to a semifeudal and semicolonial society in modern history. After the establishment of New China, people became their own masters. However, for various reasons, China was almost cut off from the outside world. During the 10 years of turmoil, we even closed doors to "fight each other," thus enduring untold sufferings from closing the country to international intercourse.

A peaceful environment has existed in the world for more than 40 years since the end of World War II, and quite a few countries have brought about an economic take-off under this environment by adopting open policies. The current international environment is favorable

to open-type countries. If we lose this opportunity, the gap between China and other countries will become wider and China will continue to lag behind others. It is unbearable to be bullied by others for backwardness.

Some Western newspapers and magazines translate the word "opening up" into "open door"; this is wrong. The correct translation should be "open to the outside world." Some people may say that "opening to the outside world" and the "open door" policy both mean opening up and ask whether they are the same thing? No, they are totally different, because the nature of the two are different. The "open door" policy was put forth by Western powers to divide up China in modern Chinese history. To fight for their rule over old China, in addition to using warships to blow China's door open, they resorted to such sweet words as "open door" to lure China to open up its market and to give up China's political and economic sovereignty. But the present open policy is a fundamental national policy put forth by our party and is a prerequisite to Chinese sovereignty. It rules out the possibility of foreign interference in China's internal affairs and has nothing to do with "dividing up" and "invasion." By adopting this policy, we can know better current developments in foreign countries, make use of advanced science and technology of Western countries, and speed up the development of China's national economy. (by Yang Yulin [2799 3768 2651])

Southwest Region

Sichuan Secretary Addresses Meeting HK040214 Chengdu Sichuan Provincial Service in Mandarin 0000 GMT 4 Sep 87

[Text] According to *Sichuan Ribao*, Yang Rudai, secretary of the Sichuan Provincial CPC Committee, yesterday took the floor at the 23d enlarged session of the 5th provincial CPPCC Standing Committee.

In his speech, he hoped that the CPPCC at all levels and their permanent members would unite with all the forces that can be united, and consolidate and develop the patriotic united front. Meanwhile, they were also urged to establish close ties with the government departments concerned at all levels, keep each other informed in time, provide relevant information, frequently exchange views, discuss major issues, step up consultation with related units, give fuller play to the CPPCC role of assisting in political consultation and democratic supervision, so as to make contributions to the three major tasks set for the new historical period.

North Region

Beijing Standing Committee Meeting Ends SK040641 Beijing BEIJING RIBAO in Chinese 22 Aug 87 p 1

[excerpts] The 3-day 38th Standing Committee meeting of the municipal People's Congress concluded on 21 August, after satisfactorily completing all items on its agenda.

At the meeting, members listened to the report by Meng Xuenong, director of the municipal Industrial and Commercial Bureau, on the implementation of the "trademark law" and on the opinions for future work; the report by Jiang Xiaoke, director of the municipal Environmental Protection Bureau, on the implementation of "Beijing Regulations Concerning the Implementation of the PRC'S Laws on Prevention and Control of Water Pollution"; and the report by Liu Hangui, deputy director of the municipal Water Conservancy Bureau, on the implementation of "Beijing Regulations Concerning the Protection and Management of Water Conservancy Projects." The meeting's participants also conscientiously examined and discussed the above-mentioned reports. [passage omitted]

The meeting preliminarily examined "Beijing's 'Draft' Regulations on Protection of and Supervision Over Laborers," which had been submitted to the meeting by the municipal government, and the explanation made by Gong Shuji, director of the municipal Labor Bureau, on these draft regulations. [passage omitted]

The meeting also examined the municipal government's report on controlling the speed of motor vehicles when passing crossroads, and approved the "Regulation on Controlling the Speed of Motor Vehicles When Passing Crossroads."

In addition, the meeting listened to the introduction by Wu Chongyuan, deputy secretary general of the organizational committee of the Asian Games, on several issues for sponsoring the 11th Asian Games in Beijing; and the report by Yu Changfeng, deputy commander in chief of the Asian Games projects, on the construction of the Asian Games projects. Vice Governor Zhang Baifa further introduced to preparations for the Asian Games. [passage omitted]

At the meeting, on behalf of the municipal government, Sun Zaiyong, director of the municipal Justice Bureau, delivered a written report on organizing the study, propagation, and implementation of the NPC Standing Committee's "Decision on Strengthening the Legal Education and Safeguarding Stability and Unity."

During the meeting, Vice Mayor Sun Fuling also attended the meeting hear the participants' opinions.

Li Ruihuan Appointed Tianjin Secretary SK040053 Tianjin City Service in Mandarin 2230 GMT 3 Sep 87

[Text] On 3 September, Zheng Wantong, secretary general of the municipal party committee, invited responsible persons of press units to a meeting, announcing the notice on the change of the secretary of the Tianjin Municipal CPC Committee. The CPC Central Committee has decided to appoint Comrade Li Ruihuan secretary of the Tianjin Municipal CPC Committee. Comrade Ni Zhifu is no longer concurrently secretary of the municipal party committee.

Official Stresses Ties With U.S.

*OW031217 Taipei International Service in English
0200 GMT 3 Sep 87*

[Text] Director General of the Government Information Office Shao Yu-ming Tuesday termed the abnormalities the ROC [Republic of China] is facing now is the travail of a society in transition. Shao made the remarks while addressing newsmen in Taipei at a Journalist's Day rally.

The government spokesman said: Resentment against current phenomenon could be softened if the problems are viewed in the context of a nation's transformation from a poor and backward society to a prosperous and progressive one. Shao said: Instead of drawing pessimistic conclusions, one should face these problems with understanding and willingness to take a rapid step.

Commenting on Sino-U.S. relations, Shao said: It would be difficult for Taipei to find a better ally than the U.S. from the viewpoint of national security.

Shao noted: In recent months, some people here have been acutely critical of the U.S. because of trade frictions. The government spokesman said, quote, how can we boycott some \$1 million worth of American wine and cigarette imports while enjoying an annual trade surplus of \$16 billion and asking the U.S. to help protect our national security at the same time, unquote.

New Dissident Organization Investigated

*OW031221 Taipei International Service in English
0200 GMT 3 Sep 87*

[Text] The prosecutor's office of the Taiwan High Court started collecting evidence against the fledgling Formosan Political Prisoners Association for advocating an independent Taiwan. High Court prosecutor (Chen Han) said: Legal action will be taken against the organization once the association makes a concrete move. (Chen) said he cannot take action against the association now because it has not been registered with the Interior Ministry as required by the law.

Some lawyers hold the view that the dissident organization advocating Taiwan's independence is tantamount to

encouraging dividing the national territory. The Formosan Political Prisoners Association is composed of 143 dissidents who have served time in military prisons for sedition. The association is the first civic organization or political party to challenge the government's one-China policy.

Hainan Island Decision 'Expansionist'

OW040543 Taipei CNA in English 0309 GMT 4 Sep 87

[Text] Taipei, Sept. 4 (CNA) — The Peiping regime's recent decision to upgrade the status of Hainan Island off southeast China mainland to a province shows its renewed attempt to expand its forces further southward, a Taipei newspaper said editorially Wednesday.

The wide-circulation *United Daily News* said that the Chinese Communist move, based on expansionist ambitions rather than economic motivation, will add an unstable factor to future political and diplomatic development in Southeast Asia, because it will intensify the already tense relations between Communist China and Vietnam.

The move is strategically important, the paper said, compared to Peiping's sending troops to Tibet in 1950, which effectively pushed the communist regime's southwest defense line to the northern slope of the Himalayas.

By upgrading the status of Hainan Island, now an administrative region of Kwangtung Province, Communist China is obviously intending to put the whole South China Sea and all islands in the area under its control, thus expanding its south strategic defense line to the Spratly Islands, the southern tip of the South China Sea.

Peiping's ambitions to further expand its forces southward were also revealed in a statement by its "Foreign Ministry" on April 15, the editorial said. The statement protested Vietnam's invasion of the Spratly Islands in the South China Sea and claimed that it preserved "The right to recover the islands."

Hong Kong

Policy With PRC on East Europeans

HK040605 Hong Kong SOUTH CHINA MORNING POST in English 4 Sep 87 p 1

[By Simon Macklin]

[Text] The Hong Kong Government has agreed to Beijing's request to maintain its policy of restricting entry permits to the nationals of European communist states.

The *South China Morning Post* has learned that Hong Kong officials recently sought Beijing's views on lifting the travel restrictions, amid concern that they were hampering efforts to improve the territory's trade links with Eastern Europe.

It is widely believed the Hong Kong Government has maintained the policy — introduced about 20 years ago mainly to curb Soviet spying activities — in deference to Beijing's once icy relationship with Russia and its European satellite states.

A thaw in Sino-Soviet relations had raised hopes that the administration might remove the restrictions.

The Trade Development Council (TDC) and the Hong Kong Tourist Association (HKTA) have expressed concern about the policy, saying it conflicts with the territory's free trade image.

A highly placed source in the HKTA said yesterday both organizations were anxious for the administration to drop the entry barriers to East Europeans.

But Government officials have told senior tourism and trade executives there would be no change to the policy in order not to rile the Chinese Government.

The sources said: "Government (officials) said they had recently consulted Beijing and were told the Chinese would like Hong Kong to maintain its present stance."

Senior HKTA and TDC executives have also been informed of the Chinese position through unofficial channels, the *Post* understands.

TDC chairman Miss Lydia Dunn and HKTA chief Mr Michael Miles wrote a joint letter to the Government last year appealing for a review of the immigration policy.

It is believed the letter prompted the government to sound out officials in Beijing about a relaxation of the restrictions.

But it is understood the Chinese government let it be known it would prefer Hong Kong to maintain its present policy so as not to allow potentially hostile East European citizens easy access to the territory.

A spokesman for the Immigration Department said yesterday a "significant number" of requests for visas to enter Hong Kong from people in Eastern Europe were turned down under what he described as the Government's "restrictive entry policy". But no figures were available.

The spokesman said he could not reveal what criteria were used to decide whether or not to grant a visa, citing "operational reason".

"Each case is considered individually and on its own merits," the spokesman said.

Citizens of East European countries are required to gain a visa from the Hong Kong Immigration Department to enter the territory.

The application must be made through the offices of a British diplomatic mission in their native country and it can take several months for the application to be processed.

Those that are successful are granted at the discretion of the Director of Immigration, Mr Alan Carter.

The Immigration Department spokesman said he was aware of no plans to relax the policy or alter the criteria for granting visas to Eastern European nationals.

According to figures supplied by the HKTA, 1,831 Eastern European nationals visited Hong Kong in 1986, but the number slumped to 200 for the first six months of this year.

The *Post* reported yesterday the Russian national soccer team was considering visiting Hong Kong pending permission from the Immigration Department, but the spokesman said no request for visas had been lodged yet.

In April, Czech tennis star Hana Mandlikova cancelled a visit to the territory when the Immigration Department refused to allow her brother to accompany her.

The TDC and HKTA are worried the policy could affect the success of the \$1.8 billion Hong Kong Convention and Exhibition Centre due to open next year.

A spokesman for the HKTA said: "Obviously we would like to see the Government relax its policy."

"We might well encounter some problems when the convention centre opens and at the moment we cannot entertain requests for visits from Eastern European countries".

Trade last year with Eastern Europe amounted to only \$1.9 billion, accounting for just over one percent of Hong Kong's total trade revenue.

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